GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:276
ANSWERED ON:25.02.2000
SUGGESTION OF IMF .
KINJARAPU YERRANNAIDU

Will the Minister of FINANCE be pleased to state:

(a) whether IMF has recently suggested sweeping reforms including privatisation of state owned banks; and

(b) if so, the details thereof and the Government's action thereto?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(a)&(b): On the basis of discussions at the Board on India, the IMF, onSeptember 22, 1998 had, inter-alia, suggested for a stronger macroeconomic stance to help restore low inflation and improve market sentiment. In the financial sector they urged to accelerate implementation of the reforms suggested by Narasimhan Committee and also stressed that far reaching changes in public control and management of state owned banks would be required to facilitate the entry of private capital.
Policy making is the sovereign right of the Government of India and thepolicy decisions are taken on the basis of our national priorities. In the financial sector the Government is encouraging private sector to open banking companies and allowing Government owned public sector banks to diversify their activities and float issues in capital market to strengthen their capital base.